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Senate Bill 72 (as introduced 1-27-09)
Sponsor: Senator Nancy Cassis
Committee: Finance

Date Completed: 1-27-09

CONTENT

The bill would amend the Michigan Business Tax (MBT) Act to require the Department of Treasury to prepare a clear and concise listing of each credit allowed under the Act and a detailed explanation of that credit, and submit to the Governor and the Legislature an annual report concerning the operation and effectiveness of each credit.

The Department would have to make a copy of the listing available to the public upon request and post it on the Department's official website. On March 1 of each year, the Department would have to update the listing to include, based on an annual report, the number of taxpayers broken down by firm and industry category that claimed each credit and the amount awarded under each credit during the immediately preceding year. For credits claimed under Sections 429, 431, 431a, 431b, 431c, 433, 437, 455, 457, and 459 (described below), the Department also would have to include the name and address of each taxpayer and the amount of the credit awarded to that taxpayer under each of those credits during the immediately preceding year.

By March 1 of each year, the Department would have to submit to the Governor and both houses of the Legislature an annual report concerning the operation and effectiveness of each credit under the Act, and would have to post the report on the Department's official website. The report would have to include the following information for the immediately preceding calendar year:

- A brief assessment of the overall effectiveness of each credit.
- The total number of taxpayers, broken down by firm size and industry categories as determined by the Department, that claimed each credit and the amount awarded under each credit to those taxpayers under the Act.
- The name and address of each taxpayer that claimed a credit under the sections listed above, or any combination of those credits, under the Act including the amount of the credit awarded under each section for that taxpayer.

The requirements of Section 28(1)(f) of the revenue Act would not apply to disclosure of tax information required by the bill. (Under that section, an employee, authorized representative, or former employee or authorized representative of the Department or anyone connected with the Department may not divulge any facts or information obtained in connection with the administration of a tax or information or parameters that would enable a person to ascertain the Department's audit selection or processing criteria for a tax administered by the Department, except as otherwise provided.)

(Sections 429, 431, 431a, 431b, 431c, 433, 437, 455, 457, and 459 of the MBT Act provide tax credits for alternative energy technology businesses and qualified alternative energy entities, businesses authorized by the Michigan Economic Growth Authority, anchor companies, businesses located and conducting business in renaissance zones, businesses engaged in brownfield redevelopment, film production companies, and businesses with investments in qualified film and digital media infrastructure projects.)

MCL 208.1513

Legislative Analyst: Craig Laurie

FISCAL IMPACT

There could be additional staff time costs associated with the requirements of the bill. Current appropriations should be sufficient to support the listing and reporting of tax credits allowed under the Act; however, additional appropriations could become necessary if the reporting requirements became too cumbersome for the Department's current staffing level.

The bill would have no fiscal impact on local government.

Fiscal Analyst: Stephanie Yu

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This analysis was prepared by nonpartisan Senate staff for use by the Senate in its deliberations and does not constitute an official statement of legislative intent.